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U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
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June 16, 2004

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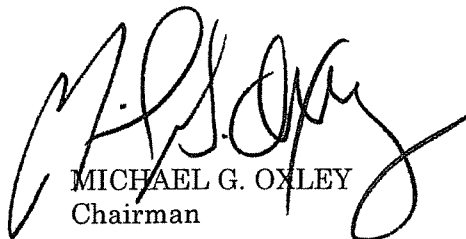
The Honorable John Linder, Chairman
The Honorable James P. McGovern, Ranking Member
Subcommittee on Technology and the House
Committee on Rules
1627 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Linder and Ranking Member McGovern:

Thank you for your recent invitation to appear before the Subcommittee on Technology and the House to testify on the legislative impact of Rule X of the Rules of the House. While we will not be appearing before the Subcommittee, we have enclosed our joint written statement on the subject, and respectfully request that it be made a part of the hearing record. We have enclosed the requisite number of copies of our statement, and an electronic copy has been forwarded to your staff via electronic mail.

Again, we appreciate the invitation to testify, and look forward to working with you as the Subcommittee continues its work. Should you or your staff have any questions, please contact either of us, or Mr. Hugh Halpern of the Majority staff at extension 5-7502, or Mr. Jaime Lizarraga of the Minority staff at extension 5-4247.

Yours truly,



MICHAEL G. OXLEY
Chairman



BARNEY FRANK
Ranking Member

Enclosure

MGO/BF/hnh
Enclosure

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

**JOINT STATEMENT OF
CHAIRMAN MICHAEL G. OXLEY AND RANKING MEMBER BARNEY FRANK
BEFORE THE SUBCOMMITTEE ON TECHNOLOGY AND THE HOUSE
COMMITTEE ON RULES**

June 16, 2004

Chairman Linder, Ranking Member McGovern, and Members of the Subcommittee, we appreciate this opportunity to offer our views on the legislative impact of rule X of the Rules of the House for the 108th Congress. As the Chair and Ranking Member of the most recent outgrowth of a permanent change to rule X, we believe that we are well qualified to comment on its effects.

The Committee on Financial Services represents the latest effort on the part of the House to rationalize rule X with the evolution of the modern economy. With the passage of Gramm-Leach-Bliley and the ongoing modernization of the financial services industry, the House finally recognized the need to merge the jurisdiction of the old Committee on Banking and Financial Services with jurisdiction over securities and exchanges and insurance previously exercised by the Committee on Commerce. This combination was intended to better reflect the realities of the marketplace, and we believe that our track record demonstrates the wisdom of that decision.

In the 3 short years since the Committee came into existence, we have been forced to respond to a series of crises which threatened the economic well-being of the Nation. The Committee was only 9 months old when Manhattan was attacked on September 11, 2001. Yet the Committee's oversight and coordination played an important role in ensuring that banks never closed, the money supply was safe, and the capital markets reopened within days of the attacks, despite many of those markets being based within blocks of Ground Zero.

In the weeks following the attacks, the Committee authored legislation to assist the Department of the Treasury and law enforcement to track and shut off the sources of terrorist financing and to provide a temporary Federal backstop to ensure that businesses could continue to get insurance coverage for acts of terrorism. The most recent piece of financial services legislation responding to the September 11 attacks was enacted last year, ensuring that payments can continue unimpeded, even if the transportation system is crippled.

At the same time, the Committee was forced to respond to a crisis in confidence created by a series of corporate scandals, further undermining the resilience of our capital markets. The Committee responded on several fronts, culminating in enactment of the Sarbanes-Oxley Act, and recent work to address abuses found in the mutual fund industry.

While the Committee frequently finds itself responding to emergencies, it also takes its routine legislative and oversight responsibilities seriously. In the 108th Congress alone, the Committee—

- Authored the FACT Act, landmark legislation to protect consumers from identity theft through uniform National standards and improved access to information in consumer credit files;
- Spearheaded legislation to ensure that the Securities and Exchange Commission has flexibility to hire the accountants, lawyers, and economists needed to enforce the Sarbanes-Oxley Act, and ensure the proper functioning of the Nation's securities markets;
- Began a process of holding oversight hearings on all of the agencies within the Committee's jurisdiction, with the goal of providing a thorough record on which to base potential reauthorizations or other legislation;
- Passed important reforms to the Nation's deposit insurance system, improving its stability and providing depositors with increased coverage for their deposits;
- Shepherded the American Dream Downpayment Act to enactment, providing new homeownership opportunities to thousands of families; and
- Awaits the imminent Senate passage of the Flood Insurance Reform Act of 2003, one of the biggest reforms of this program since its creation in 1968.

Additionally, the Committee has acted on many other measures to ensure the safety and soundness of the Nation's banking system, its capital markets, and the economy as a whole.

The Committee's record of accomplishment bears out the wisdom of the jurisdictional changes made at the beginning of the 107th Congress. We all know that these kinds of changes do not come easily — a Committee on Financial Services with unified jurisdiction over the entire industry was long a goal of Chairman Dreier, and a key element of his suggestions to the report of the Joint Committee on the Organization of Congress in the 103rd Congress.

While the results of the jurisdictional change have generally been an unmitigated success, the Committee on Financial Services continues to struggle with the Committee on Energy and Commerce over the issue of accounting standards. Although intended to clarify the jurisdictional boundaries, the memorandum of understanding between the Committee on Financial Services and the Committee on Energy and Commerce has only served to confuse matters. In any change to rule X, we believe the Subcommittee should recommend bright lines which clearly delineate the jurisdictional breaks between committees.

We believe that the changes to rule X creating the Committee on Financial Services were long overdue and a worthwhile update of the Rules of the House. We look forward to

working with the Subcommittee as it makes its recommendations regarding any further updates to rule X. Thank you.